

7. The Applicant has \$70,617,000 principal amount of convertible unsecured subordinated debentures (the "Debentures") outstanding. The Debentures are listed and posted for trading on the TSE and were qualified for distribution on November 16, 1996.
8. The Debentures are held by parties that are at arm's length to the Applicant (the "Debentureholders"). Certain funds managed by two separate management companies hold an aggregate of 11% and 10.5%, respectively, of the voting rights attached to all outstanding Debentures. These funds do not have nominees on the board of directors of the Applicant.
9. On July 30, 1999, the Debentureholders approved an amendment to the terms of the Debentures to automatically convert into units (the "Units"), each Unit being comprised of one common share of the Applicant (collectively the "Debenture Shares") and one fiftieth of a warrant (collectively the "Debenture Warrants"), at a conversion price of \$0.29 (the "New Conversion Price"). Each whole Warrant is exercisable for one common share of the Applicant (collectively the "Debenture Warrant Shares").
10. Approximately 248,400,000 common shares, including the Debenture Warrant Shares, will be issued on the conversion of the Debentures at the New Conversion Price representing approximately 70% of the issued and outstanding common shares in the capital of the Corporation following the issuance of such shares.
11. The Applicant obtained Debentureholder approval on July 30, 1999 and shareholder approval on August 17, 1999 in relation to the restructuring of the Debentures. The TSE has conditionally approved the restructuring of the Debentures.
12. The issuance of the Debenture Warrant Shares on exercise of the Debenture Warrants will be made in reliance on the registration and prospectus exemptions contained in subsections 19(1)(h)(iii) and 58(1)(b) of the Act, respectively.
13. As a result of the restructuring of the Debentures, no Debentureholder will hold more than 10% of the outstanding voting securities in the Applicant.
14. The Applicant believes that upon successfully completing the restructuring of the Debentures, it will be able to pursue other business ventures and ultimately preserve value for all of its shareholders.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant this Order.

IT IS ORDERED:

1. **THAT**, pursuant to subsection 20(1) of the Act that the issuance of the Debenture Shares and the Debenture Warrants to Debentureholders shall be exempt from sections 6 and 37 of the Act.

2. **THAT**, the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION

Director – Legal